

May 7, 2015

Representative Aric Nesbitt  
Chairman, House Energy Committee  
Michigan House of Representatives

Dear Chairman Nesbitt:

The Great Lakes Renewable Energy Association (GLREA) appreciates the opportunity to submit a letter to you and the other members of the House Energy Committee on the very important topic of the Renewable Portfolio Standard (RPS). It is our understanding that you and the other members of this committee will be debating as to whether the RPS Michigan's Renewable Portfolio Standard should be maintained at the 10% level, eliminated all together or expanded.

But before we comment on the RPS, it is important that you understand what the Great Lakes Renewable Energy Association is. GLREA is an association of businesses that are engaged in the installation and support of renewable energy systems. Our members include solar, wind, and biomass companies. This organization has been operating for over 24 years and our signature event is a Michigan Renewable Energy Fair that takes place once a year, where solar, wind and biomass businesses come together and interact with members of the public. This year the Fair is taking place on June 26 and 27 at the Ingham County Fair Grounds in Mason. We would encourage you to attend so you can meet many of our members and have an opportunity to talk to renewable energy businesses about the energy policy that is needed in Michigan.

The Great Lakes Renewable Energy Association is a strong supporter of the Renewable Portfolio Standard. We believe that the RPS has been critical for expanding renewable energy in Michigan and will continue to be important as we attempt to build upon the success of the last 7 years in achieving 10% renewable energy creation. The policy behind the RPS was to establish a mandatory goal of how much renewable energy should be created in Michigan that would guide the actions of the various utilities in Michigan to achieve that goal. The Legislature in 2008 wanted to expand the renewable energy market, support job creation, reduce environmental pollution and save money for ratepayers. The Legislature sought to accomplish this by establishing a 10% RPS standard.

Well this policy has worked. The Michigan Public Service Commission has recently stated that utilities in Michigan will achieve this 10% renewable energy goal and the cost to achieve this goal has been much less than anticipated, which means that ratepayers have indeed saved money.

Recent wind power contracts have levelized costs at 5 cents/kWh, 50% of the levelized cost of the first wind power contracts signed in 2009 and 2010 and half the cost of a new

coal power plant. The RPS has created jobs and helped the Michigan energy industry diversify. Today there are over 250 companies in Michigan providing products and services to the wind and solar market and there is even greater opportunity for these businesses to expand, command a greater market share and create even more jobs. Wind power has added diversity to our electric generation and provided an important price hedge against unknown and likely volatile fossil fuel prices.

An extension and expansion of the Renewable Portfolio Standard is needed so that Michigan can continue to benefit from lower generation costs, new jobs, resource diversity, a hedge against price increases, and cleaner air. Governor Snyder along with the Michigan Public Service Commission has stated that Michigan could obtain 20 to 30 percent of its energy from wind, solar and biomass within ten years on a very cost-effective basis.

Expanding the RPS is important for the same reason that the original RPS was established, that we need to establish a bench-mark from which the utilities and other large consumers and producers of energy need to comply with so it helps guide their decision-making process.

Another approach like Integrated Resource Planning will not provide the policy certainty to businesses that will encourage them to make the investments and create the jobs that will make all these benefits possible.

Establishing an energy bench-mark through public policy that is enacted by the Legislature is not unusual. Legislators are elected to make decisions to guide our state and communities. These types of decisions are important as we want to move Michigan forward to where we rely less on coal based electricity and more on other sources of fuel for generating electricity that cost less, create more jobs and contribute to a cleaner environment.

The one change that we would encourage you and the other members of the House Energy Committee to consider, is that in addition to expanding the RPS standard, that as a part of that standard there should be a separate 'carve-out' for solar energy. As you know with the original 10% RPS, utilities were free to decide on which energy sources to use to meet it. As a result the vast majority of the 10% was met through wind generation. We support wind generation, but we also support solar energy. And even though solar energy has expanded in Michigan, we believe that it could expand even quicker if there was a specific standard within the overall RPS standard that says a certain portion of the energy generation should come from solar.

Solar energy is expanding dramatically in the United States and the world. The solar industry is created vast numbers of new jobs and Michigan could be doing more to support its expansion in Michigan. As you may know Suniva, a solar panel manufacturer from Atlanta, Georgia has opened a new manufacturing plant in Saginaw. This is a huge



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opportunity for Michigan to be a leader in solar energy and we therefore encourage the Legislature to support the expansion of solar.

In conclusion, we support maintaining the Renewable Portfolio Standard as a policy tool in law and would urge this Committee to expand the percentage of renewable energy that utilities must generate.

Thank you for the opportunity to submit this letter.

And again, we hope you can attend the Michigan Renewable Energy Fair in Mason on June 26 and 27 where our members can share their thoughts on the future of energy in Michigan with you personally.

Yours very truly,

John Sarver

President  
Great Lakes Renewable Energy Association

